

Section IV. POLICY RECOMMENDATIONS

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Introduction

The following paragraphs provide a synopsis of issues and problems to be addressed in commercial revitalization in Essex. They recommend specific policies, programs and techniques that the County and EDCO should consider for implementation; many of these steps have already been completed in Essex, and progress to date will be noted. Most of these recommendations are aimed towards retailing; while the retail function is de-emphasized in the proposed multi-purpose strategy for the CBD, there is still a pressing need for assistance to small businesses and merchants. The recommendations are grouped under three headings, according to the types of action that are needed for commercial revitalization:

1. improvements to the streetscape and public places
2. support for improvements to private property
3. assistance with business development and promotion

Improvements To The Streetscape and Public Places

Essex is well-along in making streetscape improvements in the CBD core -- the 400 and 500 blocks of Eastern Avenue. Present need is to complete the 500 block and to shift the focus to the 0 to 300 blocks, as noted above. Activities and projects have been successfully targeted to correct some of the major physical deficiencies that limit the competitiveness of the older commercial center. Among the most persistent of those deficiencies are: poor visual appearance, and an accompanying unfavorable image in the eyes of shoppers and the community at large; signs of

deterioration to structures and public improvements; lack of proper maintenance to both public and private properties; and absence of adequate public facilities for users of the areas, such as accessible parking and informational devices (maps, signage, kiosks, etc.) to direct visitors to destinations and parking lots.

Little can be done to alter the land use pattern and configuration of structures on the land in most of Essex. The functionally inefficient development pattern in terms of arrangement of streets, properties, and structures on the land; this is reflected in the inability of shoppers to move easily between stores, and in the difficulty faced by drivers trying to move through and within the area. Thus, increasing the appeal and functionality of these older structures must be accomplished through beautification, informational devices, upgraded exteriors and interiors of buildings, and better control of traffic in streets and in parking lots.

While Essex is making headway in these areas, there are initiatives that the County could take to assist local revitalization efforts. Support from the County should come from specific actions, roles, tasks, and techniques such as:

- o the granting of high priority in the County Capital Improvement Program to critical public projects for revitalization;
- o accept responsibility for funding of those projects through existing County sources, including the Community Development Block Grant Program and General Fund appropriations;
- o consider as well the financing of public improvements and beautification projects through bonds, most likely to be general obligation bonds, but also possibly tax anticipation, special assessment, or other revenue bonds for unusual major projects with identifiable private sector impacts;

- o alternative techniques for recouping public investments, such as: the levying of special assessments for beneficiaries of those public improvements programs in designated districts; and tax increment financing to pay for public improvements;
- o establish an easement program to permit County improvements on private property when sufficient public land for key public improvement or beautification projects is not available; sale-lease back might be appropriate when extensive private use of that property is needed. (At present Baltimore County can extend public beautification activity to private property with the permission of the owner.)

Improvements To Private Property

Private businesses and property owners should bear the greater share of the costs of the revitalization of downtown Essex. This is quite proper, as those businesses and owners already have substantial investments sunk in these properties and enterprises; they will have the chief responsibility for bringing about the return of the commercial area to a more competitive position; and they will reap the monetary benefits of that increased competitiveness. While significant strides have been made in improving private property in the Essex CBD -- notably facades and streetscapes -- some areas of concern that remain are:

- o Parking lots are almost uniformly bare and uninviting and need landscaping to peripheries. Some are in need of paving and striping. Most large parking lots would be significantly enhanced, and traffic flow improved, by the creation of well-landscaped islands at light and sign pylons and at entrances. County lots no less than private lots in Essex could benefit from such improvements.

- o There are unique problems throughout the area that should be remedied, such as: removal of merchandise display and storage from walks and parking lots; removal of materials, stored automobiles, and dumpsters from highly visible locations; screening and buffering of refuse and other utility areas; and proper care of landscaped areas, unused portions of parcels, and vacant lots. (Many of these problems can be addressed adequately simply by enforcement of existing zoning regulations.)

In many instances the County's low interest loan program has been instrumental in facilitating the making of facade and other structural improvements in the Essex CBD. In other instances, however, this program has not provided enough of an incentive to overcome the considerable reticence among many merchants and property owners to take on debt or to become involved in what are seen as bureaucratic programs. A casualty in this failure to achieve more extensive utilization of the County program has been the inability to institute design standards or controls in facade improvements in the CBD.

At present compliance to design guidelines in Essex (and in other revitalization areas in Baltimore County) is voluntary. It is likely that the array of financial and other incentives may have to be broadened considerably to gain acceptance of mandatory design controls, yet such controls are needed to achieve and to safeguard the public and private investments that have already been made. Tools now used by Baltimore County, and other techniques the County should consider adding to its arsenal of revitalization tools and incentives to leverage private investments and cooperation, are summarized below:

- o Financial incentives to induce private investment should be considered by the County to include (in addition to direct low-interest loans): blended-rate loans combining conventional and low-interest loans; buy-down of commercial interest rates; guarantees of commercial loans; reduced processing costs to lenders

through loan packaging; and reduced risks to lenders through pooling of loans; (Baltimore County currently has a blended rate revolving loan fund for property improvements);

- o The most appropriate source of funds for financial incentives is the County's Community Development Block Grant, channeled through a responsible local lead organization for commercial revitalization, although general fund appropriations could be utilized; (Baltimore County uses CDBG funds to capitalize a revolving loan fund to finance direct low-interest loans for revitalization of private property when conventional financing is not available or feasible);
- o Whenever possible, the active involvement of local lending institutions should be sought, using techniques such as those listed above to reduce risks and processing costs to those institutions when necessary to secure their services at rates borrowers can afford;
- o Financial incentives to induce private investment should be considered by the County to include: direct low interest loans; blended-rate loans combining conventional and low interest loans; buy-down of commercial interest rates; guarantees of commercial loans; reduced processing costs to lenders through loan packaging; and reduced risks to lenders through pooling of loans;
- o Tax abatement is a technique of reducing total costs of improvements to businesses and owners, although it does not reduce the direct cost of making or financing those improvements; application should be limited to approved investments in designated areas for a specified period;
- o The County should seek out firms in revitalization areas that can qualify for the Small Business Administration 504 Local Development Corporation (LDC) program loans; these loans provide up to 40 percent low interest financing through the LDC, 50 percent at market rate from commercial lenders, and 10 percent equity from the borrower;

- o The County should assist owners and merchants in using this and other SBA programs (eligibility requirements may exclude both larger firms and firms that are of marginal stability); the County should also endeavor to provide supplemental loans or other financial assistance to bolster borrower "equity" for SBA loans, where needed and permitted under SBA regulations;
- o County purchase of easements can be a form of sale-lease back for making revitalization improvements to private property; for example, the County could purchase an easement to improve the facade of a store, then recoup its costs by leasing the improvements back to the store owner; when the easement expires, the improvements pass to the owner;
- o Technical assistance can be a County contribution in the form of services for revitalization improvements to private property; this technical assistance could include planning and design activities, or assistance in obtaining the services of architects, engineers, or contractors; such assistance should be available under a County program;
- o Non-financial development incentives can be instrumental in stimulating and guiding providing revitalization improvements in much the same way the proffer technique guides new development; recommended are trade-offs or relaxation of planning or zoning requirements or restrictions on signs, parking, or other controls in order to obtain landscaping or other improvements of desired type or quality. Clearly, however, such trade-offs cannot be allowed to have an adverse impact on existing conditions.

Business Development and Promotion

Business development to improve marketing, merchandising and promotional techniques and practices must accompany a program for physical improvements for the successful revitalization of the Essex CBD. The fact that older areas are not single entities, such as a shopping center under one ownership, greatly complicates the implementation of a business development program, however, since it requires the cooperation of a large

number of individual owner-merchants and retail tenants at different properties. This places a premium on the leadership of a strong business association with a central role in revitalization, such as EDCO, which is the local lead organization spearheading that effort. EDCO needs to assume this type of leadership in broadening its revitalization involvement from physical improvements to now focus on business development, as well.

Types of problems and deficiencies commonly encountered in older commercial areas toward which a business development program would be aimed include:

- o poor image and lack of clear identity, re-enforced by an unattractive appearance, which undermines shopper confidence and expectation of a pleasant and successful shopping experience;
- o loss of some of the better merchants in traditional "shoppers goods" retail lines, and an increasing orientation to convenience goods and services with less market attraction;
- o increased competition from regional malls which divert sales from the local trading area and induce some of the more competitive local retail establishments to relocate;
- o failure of many local entrepreneurs, especially those of the "mom and pop" variety, to keep abreast of changing tastes, preferences and trends in today's retail market;
- o changes in buying patterns and habits in the local area as the community demographic structure changes (fewer families with children, more empty nesters, nationalities, singles, young professionals);
- o poor synchronization of merchants' business hours, and poor coordination and balance of merchandise and services offered throughout the commercial area;
- o display and advertising practices and techniques that are inappropriate and unattractive (merchandise stacked on sidewalks, hand-lettered signs in windows, etc.).

Some merchants in Essex are quite knowledgeable and capable, but their marketing and promotional efforts are not coordinated, and their merchandising and display techniques are often inconsistent and incompatible. The greater need here is both for assistance in targeting markets and selecting merchandise (with some exceptions) and for unifying business activities for maximum effectiveness. Specific actions that can be taken include:

- o selection of an area theme or motif and its use in promotion and advertising, and in original window and store displays and interiors, as well as in design of exterior improvements and public facilities;
- o area wide promotional activities and coordinated operations, such as uniform business hours, joint advertising, special sale days, and special fetes or festivals;
- o development and maintenance of directional and informational devices throughout the area, such as kiosks and mounted layout maps of stores and public destinations in the area, and the posting of current flyers and notices in these and other prominent display locations, such as near parking lots;
- o standards for window displays and ads, and other permanent and non-permanent signs and display devices, to provide quality control without undue rigidity;
- o expert technical assistance, as needed, for business operations of individual merchants: targeting of markets, selection and pricing of merchandise, advertising and display, purchasing and bookkeeping, etc.;
- o market research to identify potentials (see the Technical Appendix to this study).

Long-term responsibility for area wide promotion and assistance to individual merchants for business operations should fall to EDCO and other local business organizations or associations that are actively participating in revitalization. County government should perform certain critical roles and functions in initiating and supporting these business development activities, however. There are three different ways in which the County should assist the business development needed for revitalization in Essex:

- o in assisting the community to organize for revitalization, help establish a local business development committee or task force, with central roles for local business organizations and the more experienced and successful merchants, (this stage should be essentially complete in Essex);
- o coordinate existing business development resources and technical capabilities of government and other agencies and institutions into a County-directed program for business development in revitalization areas;
- o provide financial assistance to local organizations and to businesses for business development activities (e.g., working capital for expanded inventory or upgraded fixtures and equipment) when not available from other sources.

Baltimore County is, in fact, successfully addressing the first two of these three needs through its established commercial revitalization program, and its support and assistance to bodies such as EDCO. An example of the County's financial assistance to these organizations is its new program to help fund local development company advertising and marketing of vacant space, special store discount days, and other promotions. EDCO, for example, will spend \$5,000 in County funds for a promotional brochure on Essex and other marketing activities.

Baltimore County has not yet extended financial assistance to individual firms for these types of activities, however. Direct financial assistance by government to private business, especially for business development and working capital, is a sensitive issue. Technical assistance and guidance should be a condition for financial assistance. Loan programs and aid in securing conventional financing should be the preferred forms of financial assistance. The channeling of aid through local organizations is also desirable. Other difficult issues that may arise could include how to deal with marginal or inappropriate businesses that should not be encouraged to remain in operation, and how to assist businesses that may have to relocate as a result of revitalization improvements or activities.

It is recommended that the County help provide technical and financial assistance for the two types of business development activities that are needed for the revitalization of Essex: promotion and marketing of the commercial center as a whole; and merchandising and marketing assistance for individual merchants and entrepreneurs in the area. Among activities recommended for consideration are:

- o the formation of a County business development technical assistance team (as part of a larger team for commercial revitalization) enlisting the assistance, participation and services of government agencies and departments, economic development organizations, and other institutions;
- o financial support to local organizations for promotion and marketing, e.g., in the form of loans to be repaid from dues or assessments of area businesses, and/or non-financial support such as staffing and technical assistance;

- o the development, utilization, or possibly funding, of educational programs, courses, or seminars on business techniques and practices for firms in revitalization areas; this can be done in cooperation with local chambers of commerce or other organizations, and with colleges or other institutions;
- o assistance to businesses in finding sources of working capital, e.g., through Small Business Administration programs for firms that can qualify, and direct assistance (loans) for those firms of promise but without other financial resources;
- o a revolving loan fund as the chief vehicle for direct County financial assistance to revitalization area organizations or firms for business development; loans could be at low interest rates to fund the activities described here, or as a contingency source to aid firms in the event of necessary dislocations or other unforeseen events due to revitalization; in short, Baltimore County should consider extending existing loan programs for property improvement to business development activities and working capital, or funding new programs for that purpose;
- o business development assistance as mandatory (unless judged unnecessary) for business accepting County financial assistance for working capital or for physical improvements, to protect the public investment.

Program Resources For Essex

The discussion above provides a checklist of possible revitalization tools and agency roles that may need to be beefed up or incorporated in revitalization activities by EDCO and Baltimore County. There are of course, a host of effective program resources available through established agencies, whose missions are highlighted below, beginning with EDCO:

1. Essex Development Corporation (EDCO)

Provides site location, referrals to non-profit and government agencies for counseling and design assistance for property improvements. Also helps plan for capital improvements in Essex Revitalization District.

2. Central Maryland Small Business Development Center (SBDC)

Provides free business counseling for business plans, marketing, financing. Appointments are set up through EDCO office.

3. Baltimore County Chamber of Commerce

Provides free counseling for small businesses, similar to SBDC.

4. Essex-Middle River Chamber of Commerce

Provides network of local businesses. Holds seminars regarding taxes, personnel issues, marketing, etc. Seminars are held approximately twice per year. Holds monthly membership meetings.

5. Baltimore County Economic Development Commission

Provides access to public financing such as Baltimore County Revitalization Area Fund (low interest loans for property improvements in revitalization areas) and Maryland Housing Rehabilitation Program (property improvements).

6. Baltimore County Career Development Center (formerly Eastside Occupational Training Center)

Provides training for workers in a variety of skills (electronics, drafting, office technology).